

KENNEDY/MARQUEZ PETERSON PROPOSED AMENDMENT NO. 1

TIME/DATE PREPARED: December 12, 2019

COMPANY: Arizona Public Service Company

AGENDA ITEM NO.:24

DOCKET NO(S). E-01345A-16-0272

OPEN MEETING DATE: December 10 & 11, 2019

Purpose: This Amendment adopts an 18-year minimum contract term length for all QFs, to ensure QFs are given "reasonable opportunities to attract capital from potential investors." Additionally, this Amendment requires APS to provide a report every three years to this Commission, in tandem with, or as part of, the Integrated Resource Plan. The information provided should include, but not be limited to, the total number of QFs; the nameplate capacity for each QF; and the avoided cost rate for each QF interconnected to date. The Amendment also rejects a 2 MW cap and a 50 MW cap per utility.

Page 25, line 10**DELETE:**

Section VII. Resolution

INSERT:

VII. Resolution

This Commission recognizes the value and necessity of increased investment in renewable energy resources in Arizona. The enforcement of PURPA is one such avenue to encourage renewable energy development. This Commission's own PURPA policy, enacted in 1981, explicitly requires this body to "take an active leadership role in the development of waste heat and renewable energy resources...". By adopting an 18-year minimum contract term, this Commission is upholding to its own 1981 policy, as well as adhering to the PURPA statute as currently enacted. It also aligns with the Integrated Resource Planning process, as recommended by Staff, and complies with the PURPA requirement that each contract be "long enough to allow QFs reasonable opportunities to attract capital from potential investors."¹ This is the standard we apply here.

We find no reason to discriminate between QFs between 100 kW and 2 MW and those 2 MW or larger, so we cannot support the 2 MW cap recommended by Staff.

We further find that there is insufficient support for imposition of a 50 MW cap per utility.

¹ *Windham Solar LLC & Allco Fin. Ltd.*, 157 FERC ¶161,134 (2016) at ¶8.

**** Make all conforming changes**

THIS AMENDMENT:		
_____ Passed _____	Passed as amended by _____	
_____ Failed _____	_____ Not Offered _____	_____ Withdrawn _____

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APS expressed concern regarding QF development impact on their 15-year Integrated Resource Plan. To track the actual impact, APS should report the following data every three years in tandem with, or as part of, the Integrated Resource Plan: number of QF contracts entered into to date, nameplate capacity for each interconnected QF to date; the avoided cost rate for each QF interconnected to date.

Page 32, line 12

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Finding of Fact 39

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Based on the record in this proceeding, the Commission finds that APS QF Tariffs shall be revised and modified to reflect the following terms and conditions with respect to contracts between APS and QFs with a nameplate capacity over 100 kW:

- APS will provide QFs with a contract term of no less than eighteen (18) years, applicable to a QF with nameplate capacity over 100 kW.
- APS shall offer QFs contracts that have business terms that are reasonably similar to other PPAs that the utility has entered into previously.
- The rate paid to the QF will be established using APS's long-term avoided cost. APS shall use the long-term avoided cost methodology established by the Commission.
- APS shall make its application and contracting procedures readily available to QFs.
- A QF must follow the interconnection procedures outlined by APS. APS is obligated to make all the necessary interconnections with the QF to accomplish purchase or sales of energy and capacity.

INSERT NEW FINDINGS OF FACT:

It is reasonable to track the actual impact of QF development on APS's Integrated Resource Plan. Thus, we shall require APS to report all relevant QF data, including but not limited to the following, every three years in tandem with, or as part of, the Integrated Resource Plan:

- number of QF contracts entered into to date;
- nameplate capacity for each interconnected QF to date; and

**** Make all conforming changes**

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- the avoided cost rate for each QF interconnected to date.

Page 33, line 21

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Conclusion of Law No. 5

Page 34, Line 6

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IT IS FURTHER ORDERED that APS shall provide all relevant QF data to this Commission every three years, in tandem with or as part of the Integrated Resource Planning report. Data should include but not be limited to:

- number of QF contracts entered into to date;
- nameplate capacity for each interconnected QF to date; and
- the avoided cost rate for each QF interconnected to date.

**** Make all conforming changes**

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